



April 15, 2013

The Honorable Kevin Brady  
United States House of Representatives  
Washington, DC 20510

**Reference: New Home Energy Efficiency Tax Credit (IRC 45L)**

Dear Congressman Brady:

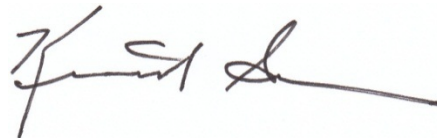
I am writing on behalf of Leading Builders of America (LBA). LBA members include many of the largest homebuilding companies in North America and collectively build approximately 33 percent of all new homes in the United States. Our member companies are innovators in the field of energy efficiency. We are active participants in the EPA's *Energy Star Program* as well as the DOE's *Builders' Challenge* and *Building America Program*. Through these programs, and others, LBA member companies play a critical role in developing and deploying new construction techniques, materials and products. We are committed to making further strides in energy efficiency and promoting new tools like energy efficiency mortgages that help buyers finance the incremental upfront costs of energy efficient features.

We are writing to add to the attached submission of April 12, 2013, regarding the tax credit authorized by section 45L of the Internal Revenue Code our view concerning a closely related issue with respect to the credit that is of considerable significance to the builders who make up our association. In addition to the concerns expressed in the April 12<sup>th</sup> submission, we are concerned that the revisions of the *American Taxpayer Relief Act of 2012* to the section 45L

credit will significantly reduce the effectiveness of this credit in increasing the number of energy efficient homes built in the United States. The revised provision, in many cases, will substantially increase the cost of the energy efficiency improvements required to qualify for the 45L credit. As you may be aware, most of the incremental costs of building energy efficient homes cannot be passed on to buyers because there is no current mechanism to finance energy efficient features of a home. While the costs to qualify have substantially increased, the amount of the credit has remained unchanged. Therefore, we are concerned that the new credit will be a less effective incentive to build energy efficient new homes in many states.

We believe, as a result, that if the amount of the credit is not increased in proportion to the increased cost necessary to meet the revised standard, the 45L credit will not prove to be effective in increasing energy efficiency and lowering the operating costs of homes for new home buyers. We urge the working group to evaluate this concern, and we offer our services in connection with any working group effort to conduct such an evaluation.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Ken Gear', followed by a long horizontal flourish.

Ken Gear  
Executive Director

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Attachment